



NameProtect digital brand management

CORPORATION SERVICE COMPANY

Q&A: THE TRADEMARK PROFESSIONAL'S FORUM

Trademark attorneys respond to NameProtect's questions about industry topics of interest

QUESTION: With the passing of yet another year, this segment of the Q&A looks toward the future of IP law. With the continued growth of the Internet, specifically in marketing-related areas such as blogs, viral marketing, social networking sites like myspace.com®, and virtual world sites like Second Life® - where more and more large companies are setting up shop using real world branding - how might the law change over the next several years? And, as the prevalence, scope and popularity among marketers for these and other like-sources grow, how does legal counsel determine what to monitor and litigate vs. what to let go?

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The courts and legislators typically have a hard time keeping up with technology. The area of intellectual property law has been no exception. Both the courts and law makers have struggled with issues such as applicability of the copyright laws to peer to peer networks (e.g., *Napster and Grokster*) and the validity and infringement of Internet directed business-method patents, e.g. Amazon's "1- click" patent. On the trademark front, one of the ongoing issues involves the definitions of "use in commerce" and "in connection with the sale, offering for sale, distribution, or advertising of any goods or services" as they relate to the Internet. Court rulings have been inconsistent and thus, the legislature must act to both resolve the split and modernize the law.

A prime example of the existing problem can be seen in the courts' treatment of the purchase and use of key words in "pay-for-priority" search engines (the more you pay, the higher-ranked your results), such as Google® and GoTo® (now Yahoo!'s search marketing services). Google, GoTo, and others which operate similar programs, sell key words. When an Internet user enters the key word into the search engine, ads (or links or other information) for the purchaser(s) of the key word are displayed. The trademark issue arises when the purchased keyword is a trademark owned by another party. When this occurs, a search using a trademark as the keyword will not only return search results related to the trademark owner or its products, but also results relating to the key word purchaser which, in many cases, will be a competitor of the trademark owner. Some courts have held that buying and selling key words is trademark use, while others have held that it is not trademark use. The determination of "use" is critical because absent use, there can be no infringement. For a

good survey of this issue and the case law, see 800-JR Cigar, inc. v. GoTo.com, Inc., 437 F.Supp.2d (D.N.J. 2006). Similar issues of use are bound to occur in Second Life® and other virtual worlds, where trademarks will be "used" by other than the trademark owner. While the likelihood of confusion created by such "uses" will have to be judged on a case by case basis, there can be no doubt that some such uses will create confusion.

Over the next several years - and hopefully sooner - the law must change to recognize virtual "use" of trademarks as use under the Lanham Act. Absent such a change, trademark owners will continue to be subjected to unwanted and unfair use and dilution of their valuable marks. Assuming the law is changed making such use actionable, counsel will engage in the same types of cost / benefit analysis they conduct for more traditional potentially infringing uses.

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Rob Golden heads the firm's Litigation and Licensing practice groups. He handles trademark, trade secret, patent, copyright, and related matters throughout the country on behalf of a diverse client base. He has particular experience litigating the availability of damages in trademark infringement matters, having taken the issue through the appellate level on numerous occasions. Mr. Golden has also written and lectured extensively on trade dress issues and the protection of product designs using a combination of the trademark, patent, and copyright laws. He additionally oversees large-scale licensing programs for clients in the fashion, shoe, sporting goods, toy, and tool industries.

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